

FOR OFFICIAL USE ONLY

AGREEMENT

BETWEEN

THE DEPARTMENT OF DEFENSE  
OF THE UNITED STATES OF AMERICA

AND

THE MINISTRY OF DEFENSE OF THE REPUBLIC

OF ITALY

FOR THE

DEVELOPMENT OF THE HIGH SPEED ANTI-RADIATION MISSILE (HARM)  
UPGRADE, KNOWN AS THE AGM-88E ADVANCED ANTI-RADIATION GUIDED  
MISSILE (AARGM)

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Certified to be a true copy:



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Navy International Programs Office

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## PREAMBLE

The Department of Defense of the United States of America and Ministry of Defense of the Republic of Italy (Italian MOD), hereinafter referred to as the "Parties":

Having a common interest in defense;

Recognizing the benefits to be obtained from standardization, rationalization, and interoperability of military equipment;

Having signed the Memorandum of Understanding between the Government of Italy and the Government of the United States of America Concerning the Principles Governing Mutual Cooperation in the Research, Development, Production and Procurement of Defense Equipment, signed 11 September 1978, and its Annexes;

Seeking to make the best use of their respective research, development, test and evaluation capacities, eliminate unnecessary duplication of work and obtain the most efficient and cost-effective results through cooperation in Research, Development, Test, and Evaluation (RDT&E) Projects;

Recognizing the need to collectively develop emerging technologies to field technologically superior weapons; and

Recognizing a mutual desire to satisfy common operational requirements to improve the HARM missile capability of both Parties in order to meet emerging threats, and to achieve a superior Suppression of Enemy Air Defense (SEAD) and Destruction of Enemy Air Defense (DEAD) capability; and

Recognizing previous cooperative efforts to improve the HARM missile for both Parties;

Have reached the following understandings:

## ARTICLE I

### DEFINITIONS

The Parties have agreed upon the following definitions for terms used in this Agreement:

Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.
Contract	Any mutually binding legal relationship under national laws, which obligates a Contractor to furnish supplies or services, and obligates one or both of the Parties to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Parties. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Party, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Party who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Party's Contracting Agency.
Contractor Support Personnel	Persons specifically identified for support Contracts who provide administrative, managerial, scientific, or technical support services to a Party.

Controlled  
Unclassified  
Information

Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It includes information that has been declassified but remains controlled.

Cooperative Project  
Personnel (CPP)

Military members or civilian employees of a Party assigned to the JPO or to defense facilities who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the Project.

Defense Purposes

Manufacture or other use in any part of the world by or for the armed forces of either Party.

Designated Security  
Authority (DSA)

The security office approved by national authorities to be responsible for the security aspects of this Agreement.

Financial Costs

Project costs met with monetary contributions by the Parties.

Financial Cost  
Ceiling

The maximum amount of the total Financial Cost of the Project or the maximum amount of a Party's Financial Cost of the Project.

Financial Management  
Procedures Document  
(FMPD)

A document that describes the estimated schedule, handling, and auditing of monetary contributions to fulfill the objectives of the Project.

Host Party

The Party whose nation serves as the location of the JPO, or who hosts CPP.

Initial Operational  
Test and  
Evaluation(IOT&E)

Dedicated Operational Test and Evaluation (OT&E) conducted on production, or production representative articles, to determine whether systems are operationally effective and suitable, and which supports the decision to proceed to Full Rate Production (FRP).

Non-financial Costs	Project costs met with non-monetary contributions by the Parties.
Parent Party	The Party which sends its CPP to the JPO or to defense facilities located in the nation of the other Party.
Party	A signatory to this Agreement represented by its military and civilian personnel. Contractors and Contractor Support Personnel shall not be representatives of a Party under this Agreement.
Patent	Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Project	The system development and demonstration of the AGM-88E Advanced Anti-Radiation Guided Missile (AARGM) through the completion of IOT&E in order to support a FRP decision.
Project Background Information	Information not generated in the performance of the Project.
Project Equipment	Any material, equipment, end item, subsystem, component, Special Tooling or test equipment jointly acquired or provided for use in the Project.
Project Foreground Information	Information generated in the performance of the Project.
Project Information	Any information provided to, generated in, or used in this Project regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data,



experimental data, test data, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, Patent, or other legal protection.

**Project Invention** Any invention or discovery formulated or made (conceived or "first actually reduced to practice") in the course of work performed under the Project. The term first actually reduced to practice means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.

**Project Plan** A plan that provides a description of the Project's delivery requirements, management and milestones.

**Third Party** A government other than the government of a Party and any person or other entity whose government is not the government of a Party.

## ARTICLE II

### OBJECTIVES

#### 2.1. The objectives of this Project are:

- 2.1.1. To upgrade the AGM-88 High Speed Anti-Radiation Missile's capability to suppress and destroy current and projected enemy radar-directed air defense elements and integrated air defense systems (IADS) that employ countermeasures and such tactics as emission control. The Project will cooperatively develop and test a new multi-mode seeker and a common control section modification for the AGM-88B missiles along with associated missile operational flight software. Annex E (Project Overview) further describes the baseline missile configuration and the upgrades and modifications planned for both Parties.
- 2.1.2. To establish a partnership for joint System Development and Demonstration (SDD) of the AARGM system to ensure that, when the weapon is fielded, the Italian Air Force and U.S. Navy can provide an interoperable destruction of enemy air defense capability during coalition operations.
- 2.1.3. To plan a cooperative effort for the production and support of AARGM including potential future cooperation to collect, create and define releasable target millimeter wave signature data as part of the AARGM cooperative production effort. Such cooperation requires either an amendment to this Agreement or a new Agreement.

## ARTICLE III

### SCOPE OF WORK

3.1. The overall work to be undertaken under this Agreement involves the definition, specification, design, development, integration, test and evaluation, and logistics support planning for the AARGM upgrade for the baseline HARM missiles of both Parties as identified in Annex E (Project Overview). This work includes:

- 3.1.1. Preparation of detailed specifications, requirements, and other information to enable the Parties to design and develop missile components, and integrate and test the AARGM missile.
- 3.1.2. Development of a precision navigation system, an advanced passive anti-radiation homing (ARH) sensor capability, an active millimeter wave (MMW) radar sensor, and a Weapons Impact Assessment (WIA) transmitter capability. A WIA transmitter variant will be developed, integrated, and tested to meet each Parties' requirements. The AARGM missile will incorporate these technologies via an upgraded, common control section that will include the Global Positioning System (GPS) Selective Availability Anti-Spoofing Module (SAASM) receiver, the IMU and the WIA transmitter and a new seeker section that will include the MMW and ARH sensors.
- 3.1.3. Integration of the system components identified in paragraph 3.1.2. into the baseline HARM missiles of both Parties.
- 3.1.4. Conduct of test and evaluation at the Naval Air Warfare Center (NAWC) China Lake, NAWC-Point Mugu and P.I.S.Q. (Salto di Quirra) Range.
- 3.1.5. Development of a plan for cost-effective logistic support based on systems and arrangements in use or planned by the Parties and using the cost-saving benefits of collaborative life cycle support.

3.2. The Project will include the following specific tasks:

- 3.2.1. System/subsystem/component performance specification development.
- 3.2.2. System definition, including hardware definition of the ARH Receiver, MMW Transceiver, and GPS.
- 3.2.3. Test and evaluation definition, including laboratory and test plans.
- 3.2.4. Design, development, fabrication, and test of prototype guidance section subassemblies and the common control section.
- 3.2.5. Support of development of aircraft interface control specifications, documentation, and software to allow each Party to integrate the AARGM missile into their aircraft. Although these aircraft integration efforts are beyond the scope of the Project, the Parties will facilitate the exchange of information to ensure effective integration of the AARGM missile into their aircraft and operational inventory.

## ARTICLE IV

### MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. As shown in Annex A (AARGM Management Structure) this Project shall be directed and administered on behalf of the Parties by an organization consisting of a Steering Committee (SC) assisted by PMA-242, a Project Leader (PL), an International Program Directorate (IPD) and a series of system or technology specific Integrated Product Teams (IPT). The SC shall have overall authority over the PL, in accordance with this Agreement. The PL shall have responsibility for effective implementation, efficient management, and direction of the Project in accordance with this Agreement.

4.2. The SC shall consist of one senior executive level representative from each of the Parties' acquisition organization(s). The SC shall meet semi-annually with additional meetings held if desired by both SC representatives. Decisions of the SC shall be made unanimously. In the event that the SC is unable to reach a timely decision on an issue, each SC representative shall refer the issue to its higher authority for resolution. In the meantime, the approved Project Plan shall continue to be implemented without interruption under the direction of the PL while the issue is being resolved by higher authority.

4.3. The SC shall be responsible for:

- 4.3.1. Exercising executive-level oversight of the Project.
- 4.3.2. Reviewing the technical progress of the Project.
- 4.3.3. Reviewing, commenting on and approving the Project Plan, submitted by the PL, including any subsequent changes.
- 4.3.4. Approving the Financial Management Procedures Document (FMPD) and reviewing the financial status of the Project to ensure compliance with the provisions of Article V (Financial Provisions).
- 4.3.5. Resolving issues brought forth by the PL.

- 4.3.6. Reviewing, commenting on and forwarding to the Parties for approval recommended amendments to this Agreement in accordance with Article XIX (Amendment, Termination, Entry Into Force, and Duration).
- 4.3.7. Approving amendments to Annexes A, B, D, and E of this Agreement consistent with Article XIX (Amendment, Termination, Entry Into Force, and Duration).
- 4.3.8. Providing recommendations to the Parties for the addition of new Parties in accordance with Article XV (Participation of Additional Parties).
- 4.3.9. Monitoring Third Party sales and transfers authorized in accordance with Article XIII (Third Party Sales and Transfers).
- 4.3.10. Reviewing, considering and providing comments on the semi-annual status report submitted by the PL.
- 4.3.11. Reviewing and commenting on recommendations of the PL to manage and control the transfer of Project Equipment provided by either Party in accordance with Article VIII (Project Equipment).
- 4.3.12. Approving plans for the disposal of jointly acquired Project Equipment under this Agreement in accordance with Article VIII (Project Equipment).
- 4.3.13. Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority.
- 4.3.14. Reviewing and obtaining approval for the Project Security Instruction (PSI) and Classification Guide (CG).
- 4.3.15. Reviewing and commenting on recommendations of the PL for future cooperation in the AARGM production, spiral development and support phases.

4.4. The PL shall be responsible for:

- 4.4.1. Managing the cost, schedule, performance requirements, technical, security and financial aspects of the Project described in this Agreement with the assistance of the National Deputy Program Leaders (NDPLs).
- 4.4.2. Developing and submitting, with the assistance of the NDPLs, the Project Plan to the SC within three months of this Agreement coming into force, including and subsequent recommended changes.
- 4.4.3. Developing and submitting, with the assistance of the NDPLs, the Financial Management Procedures Document (FMPD) to the SC for approval within three months of this Agreement coming into force.
- 4.4.4. Executing the financial aspects of the Project in accordance with the approved FMPD and Article V (Financial Provisions), with the assistance of the NDPLs.
- 4.4.5. Developing and submitting, with the assistance of the NDPLs, the Project Security Instruction (PSI) and Classification Guide (CG) to the SC for them to seek approval within three months of this Agreement coming into force, and implementing them upon final approval.
- 4.4.6. Referring issues to the SC that cannot be resolved by the PL.
- 4.4.7. Developing and recommending, with the assistance of the NDPLs, amendments to this Agreement and its Annexes.
- 4.4.8. Forwarding recommendations, with the assistance of the NDPLs, to the SC for the addition of new Parties in accordance with Article XV (Participation of Additional Parties).
- 4.4.9. Providing a semi-annual status report, with the assistance of the NDPLs, to the SC. The report will include Project progress, Project risk assessment, Project financial performance,

Project schedule and any issues, which require SC attention or involvement.

- 4.4.10. Appointing a Project security officer.
- 4.4.11. Developing and implementing, with the assistance of the NDPLs, SC-approved plans to manage and control the transfer of Project Equipment provided by either Party in accordance with Article VIII (Project Equipment).
- 4.4.12. Developing and implementing, with the assistance of the NDPLs, SC-approved plans for the disposal of jointly acquired Project Equipment under this Agreement in accordance with Article VIII (Project Equipment).
- 4.4.13. Exercising missile configuration management with the assistance of the NDPLs.
- 4.4.14. Exercising missile software management with the assistance of the NDPLs.
- 4.4.15. Executing the Project with the assistance of the NDPLs.
- 4.4.16. Exercising missile risk management with the assistance of the NDPLs.

4.5. The IPD shall be established in the Washington DC area to manage the Project. The U.S. Department of the Navy shall appoint the PL, who, as head of the IPD, shall be responsible for implementing this Agreement and for day-to-day management of the Project. The Parties shall each provide a NDPL to the IPD. The following are also the responsibilities of the IPD:

- 4.5.1. Assist in preparation of an FMPD for the Project for submittal to the PL.
- 4.5.2. Assist the PL in the execution of the financial aspects of this project in accordance with the financial provisions of this Agreement and the FMPD.
- 4.5.3. Assist the PL in the preparation of a Project Security Instruction and a Classification Guide.



- 4.5.4. Assist the PL in the development of recommendations to the SC for amendments to this Agreement.
- 4.5.5. Assist the PL in the development and management of a plan to be approved by the SC to manage and control the transfer of Project Equipment in accordance with Article VIII (Project Equipment).
- 4.5.6. Assist the PL in the development of plans for future cooperation for AARGM production and support.

4.6. An NDPL from each Party shall be assigned to the IPD. Their primary responsibility and authority is providing assistance to the PL. The NDPLs will work together in carrying out the responsibilities of the IPD, which are to assist the PL in managing the cost, schedule, performance requirements, risk, technical, security and financial aspects of the Project. Additionally, each NDPL will be responsible for:

- 4.6.1. Providing day-to-day representation on behalf of the Parties within the IPD on all matters related to the Project.
- 4.6.2. Participating in IPD strategy meetings and providing inputs and comments to program reviews.
- 4.6.3. Referring issues to the PL that cannot be resolved by the IPD.
- 4.6.4. Performing other tasks as may be assigned by the PL consistent with the Project Plan.
- 4.6.5. Assist the PL in preparing the semi-annual status report for presentation to the SC.

## ARTICLE V

### FINANCIAL PROVISIONS

5.1. The performance of the obligations under this Agreement shall not exceed a Financial Cost Ceiling of 218,706,000 then year U.S. dollars. The U.S. DoD Financial Cost Ceiling is \$198,706,000. The Italian MOD Financial Cost Ceiling is \$20,000,000. The U.S. dollar shall be the reference currency for the Project, and the Project fiscal year shall be the U.S. fiscal year.

The Financial Cost Ceilings may be changed only upon the written agreement of the Parties by amending this Agreement. The Parties shall use their best efforts to perform, or to have performed, the work specified in Article III (Scope of Work) and fulfill all of the obligations under this Agreement within the Financial Cost Ceiling.

If at any time the PL has reason to believe that the Financial Cost Ceiling of the Project shall be exceeded, the PL shall promptly notify the SC and shall set forth a new estimate of the Financial Cost Ceiling of the Project together with supporting documentation. The SC shall advise the PL as to what action should be taken.

5.2. Each Party shall contribute its equitable share of the full Financial Costs and Non-financial Costs of the Project, including overhead costs, administrative costs, and costs of claims, and shall receive an equitable share of the results of the Project in accordance with the provisions of this Agreement.

5.3. The full Financial Costs and Non-financial Costs of the Project, as identified in this Article of this Agreement, shall be shared as follows:

Party	Total
U.S. DoD Financial Costs	\$198,706,000
Italian MOD Financial Costs	\$ 20,000,000
U.S. DoD Non-Financial Costs	\$ 8,914,000
Italian MOD Non-Financial Costs	\$ 32,400,000

(The ratio of total shared financial and non-financial contributions is 80:20, U.S. DoD:Italian MOD).

5.4. Participation in the Project shall include both financial and non-financial contributions to directly support Project efforts. Values have been mutually agreed to for Project non-financial contributions. Both financial and non-financial contributions required to support Project efforts are detailed in Annex D (Estimated Financial and non-Financial Contributions by Fiscal Year).

5.5. Participation in the Project shall also include financial and non-financial contributions for JPO administration and associated support services including, but not limited to, JPO costs of travel incurred in support of Project efforts, JPO training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies. Values have been mutually agreed to for JPO administrative non-financial contributions, and are included in the non-financial contributions reflected in Annex D (Estimated Financial and Non-Financial Contributions by Fiscal Year).

5.6. In addition to the shared costs of JPO administration and associated support services costs described in paragraph 5.5., the cost of personnel in the JPO or defense facilities shall be borne as follows:

5.6.1. The Host Party shall bear the costs of all pay and allowances of Host Party personnel in the JPO or defense facilities.

5.6.2. The Parent Party shall bear the following Cooperative Project Personnel (CPP)-related costs:

5.6.2.1. All pay and allowances of CPP assigned to the JPO or to defense facilities.

5.6.2.2. Transportation of CPP, CPP dependents, and their personal property to the JPO location or to defense facilities prior to commencement of the CPP assignment, and return transportation of the foregoing from the JPO location or defense facilities upon completion or termination of the CPP assignment.

5.6.2.3. Compensation for loss of, or damage to, the personal property of CPP or CPP dependents, subject to the laws and regulations of the Parent Party's government.

5.6.2.4. Preparation and shipment of remains and funeral expenses in the event of the death of CPP or CPP dependents.

5.7. The following costs shall be borne entirely by the Party incurring the costs or on whose behalf the costs are incurred:

5.7.1. Costs associated with national representation at meetings by non-JPO members.

5.7.2. Costs associated with any unique national requirements identified by a Party.

5.7.3. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this Agreement.

5.8. The PL shall be responsible for establishing the detailed financial management procedures under which the Project shall operate. These procedures, which must accord with the national accounting and audit requirements of the Parties, shall be detailed in a Financial Management Procedures Document (FMPD) prepared by the PL and subject to the approval of the SC. Each Party shall fund the Project in accordance with the estimated schedule of financial contributions contained in the FMPD which shall be consistent with paragraph 5.3. and Annex D (Estimated Financial and non-Financial Contribution by Fiscal Year) of this Agreement.

5.9. A Party shall promptly notify the other Party if available funds are not adequate to fulfill its obligations under this Agreement. If a Party notifies the other Party that it is terminating or reducing its funding for this Project, both Parties shall immediately consult with a view toward continuation on a modified basis.

5.10. The Parties recognize that it may become necessary for one Party to incur contractual or other obligations for the benefit of the other Party prior to receipt of the other Party's funds. In the event that one Party incurs such obligations, the